

AGREEMENT

in the form of an exchange of letters amending the Agreement between the European Economic Community and Hong Kong on trade in textile products

Letter No 1

Sir,

1. I have the honour to refer to the consultations held on 28 to 30 October 1992 between our respective delegations for the purpose of amending the Agreement on trade in textile products between the European Economic Community and Hong Kong, applied since 1 January 1987, as extended by the exchange of letters applied since 1 January 1992 (hereinafter 'the Agreement').
2. As a result of these consultations, both Parties agreed to amend the following provisions of the Agreement:
 - 2.1. Annex II which sets out the quantitative restrictions for exports from Hong Kong to the European Economic Community is replaced for the period 1 January 1993 to 31 December 1994 by Appendix 1 to this letter.
 - 2.2. Article 7 (5) (c), (7) and (9) of the Agreement are deleted. Consequently, the references to paragraphs 9 and 7 in paragraphs 5 (d) and 10 are also deleted.
 - 2.3. At the end of Article 8 (2) the following is added:

'This information shall, for all categories of products, be transmitted before the end of the second month following the quarter to which the statistics relate.'
 - 2.4. Article 8 (3) is replaced by the following:

'The information referred to in paragraph 1 shall, for all categories of products, be forwarded before the end of the month following the month to which the statistics relate.'
 - 2.5. Article 11 is replaced by the following:
 1. The quantitative limits established under this Agreement on imports into the Community of textile products of Hong Kong origin will not be broken down by the Community into regional shares.
 2. The Parties shall cooperate in order to prevent sudden and prejudicial changes in traditional trade flows resulting in regional concentration of direct imports into the Community.
 3. Hong Kong shall monitor its exports of products under restraint into the Community. Should a sudden and prejudicial change in traditional trade flows arise, the Community will be entitled to request consultations in order to find a satisfactory solution to those problems. Such consultations must be held within 15 working days of their being requested by the Community, and in accordance with Article 14 (1).
 4. Hong Kong shall endeavour to ensure that exports of textile products subject to quantitative limits into the Community are spaced out as evenly as possible over the year due account being taken in particular of seasonal factors.'
 - 2.6. Article 12 is deleted.
 - 2.7. The following is added at the beginning of Article 14 (1):

'1. Save where it is otherwise provided for in this Agreement, ...'
 - 2.8. The second sentence of Article 16 (1) is replaced by the following:

'It shall be applicable until 31 December 1994. Thereafter, the application of all the provisions of this Agreement shall be automatically extended for a period of one more year'

up to 31 December 1995, unless either Party notifies the other at least six months before 31 December 1994 that it does not agree with this extension. However if the Agreement on trade in textiles and clothing products resulting from the Uruguay Round GATT trade negotiations is concluded and enters into force at an earlier date, this Agreement shall be automatically terminated as of the date agreed for the implementation of the results of the Uruguay Round GATT trade negotiations.'

- 2.9. The first sentence of Article 5 (1) of Protocol A is replaced by the following:
- '1. The export licence shall conform to the model annexed to this Protocol and it shall be valid for exports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has made recourse to the provisions of Article 7 in accordance with the provisions of the Agreed Minute No 1, or to the Agreed Minute No 2, the textile products covered by the corresponding export licences can only be put into free circulation in the region(s) of the Community indicated in those licences.'
- 2.10. The second indent of Article 10 (1) of Protocol A to the Agreement is replaced by the following:
- 'The import authorizations shall be valid for six months from the date of their issue for imports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has recourse to the provisions of Article 7 in accordance with the provisions of the Agreed Minute No 1, or to the Agreed Minute No 2, the products covered by the corresponding import licences can only be put into free circulation in the region(s) of the Community indicated in those licences.'
- 2.11. The second and fifth indents of Article 12 (2) of Protocol A are replaced by the following:
- '— two letters identifying in the intended Member State of customs clearance as follows: . . .',
- '— a five-digit number running consecutively from 00001 to 99999 allocated to the intended Member State of customs clearance.'
- 2.12. Agreed Minute No 1 set out in Appendix 2 to this letter shall form an integral part of the Agreement.
- 2.13. Agreed Minute No 2 set out in Appendix 3 to this letter shall form an integral part of the Agreement.
- 2.14. Agreed Minute No 3 set out in Appendix 4 to this letter shall form an integral part of the Agreement.
- 2.15. Agreed Minute No 4 set out in Appendix 5 to this letter shall form an integral part of the Agreement.
3. The Parties agreed that this Agreement in the form of an exchange of letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures necessary to this end have been completed.
- The Parties also agreed that this Agreement in the form of an exchange of letters and the amendments hereby to the Agreement of 1987, as extended, shall be applied provisionally from 1 January 1993.
4. I should be obliged if you kindly confirm the acceptance of your Government of the foregoing.

Please accept, Sir, the assurance of my highest consideration.

*For the Council
of the European Communities*

Appendix 1

ANNEX II

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

COMMUNITY QUANTITATIVE LIMITS

Category	Unit	1993	1994	1995
2	tonnes	13 511	13 538	13 565
of which 2 A	tonnes	11 627	11 650	11 674
3	tonnes	11 213	11 236	11 258
of which 3 A	tonnes	7 511	7 526	7 541
4	1 000 pieces ⁽³⁾	37 525	37 788	38 052
5	1 000 pieces	28 536	28 707	28 880
6	1 000 pieces ⁽¹⁾	54 167	54 438	54 711
of which 6 A	1 000 pieces ⁽¹⁾	45 075	45 301	45 527
7	1 000 pieces	31 775	32 029	32 286
8	1 000 pieces	48 749	49 041	49 335
32	tonnes	6 891	7 063	7 240
39	tonnes	1 505	1 535	1 565
12	1 000 pairs	12 354	12 724	13 106
13	1 000 pieces ⁽¹⁾	81 992	82 812	83 640
13S	tonnes ⁽²⁾	1 607	1 671	1 738
16	1 000 sets	2 282	2 316	2 351
18	tonnes	7 278	7 459	7 646
21	1 000 pieces ⁽²⁾	17 099	17 355	17 615
24	1 000 pieces	8 378	8 588	8 803
26	1 000 pieces	10 037	10 138	10 239
27	1 000 pieces	9 953	10 152	10 355
29	1 000 sets	2 621	2 686	2 754
31	1 000 pieces	19 888	20 485	21 099
68	tonnes ⁽¹⁾	2 572	2 662	2 755
68S	tonnes ⁽²⁾	586	606	628
73	1 000 sets (*)	2 013	2 054	2 095
77	tonnes	642	658	674
78	tonnes	9 051	9 277	9 509
83	tonnes	369	378	388
61	tonnes	2 187	2 297	2 411
10	1 000 pairs	87 536	89 287	91 073
72 ⁽¹⁾	1 000 pieces	16 877	17 552	18 254
74	1 000 sets	1 093	1 137	1 182

Note: The numbers or the asterisk in brackets are references to the footnotes in Annex II to the Agreement for the appropriate category respectively.

(1) Applies only to knitted swimwear.

Appendix 2

Agreed Minute No 1

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, initialled in Brussels on 3 November 1992, the Parties agreed that Article 7 of the Agreement does not preclude the Community, if the conditions are fulfilled, from applying the safeguard measures referred to in Article 7 for one or more of its regions in conformity with the principles of the internal market.

In such an event, Hong Kong shall be informed in advance of the relevant provisions of Protocol A of the Agreement to be applied, as appropriate.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Appendix 3

Agreed Minute No 2

Notwithstanding Article 11 (1) of the Agreement, for imperative technical or administrative reasons or to find a solution to economic problems resulting from regional concentration of imports, or in order to combat circumvention and fraud of the provisions of the Agreement, the Community will establish for a limited period of time a specific management system in conformity with the principles of the internal market.

However, if the Parties are unable to reach a satisfactory solution during the consultations provided for in Article 11 (3), Hong Kong undertakes, if so requested by the Community, to respect temporary export limits for one or more regions of the Community. In such a case, these limits shall not preclude the importation into the region(s) concerned of products which were shipped from Hong Kong on the basis of export licences obtained before the date of formal notification to Hong Kong by the Community about the introduction of the above limits.

The Community shall inform Hong Kong of the technical and administrative measures, such as defined in the attached *note verbale*, that need to be introduced by both Parties in order to implement the above paragraphs in conformity with the principles of the internal market.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Note verbale

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Special Representative of Hong Kong to the European Communities and has the honour to refer to the Agreement on textile products between Hong Kong and the Community applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992.

The Directorate-General wishes to inform the Special Representative of Hong Kong that the Community has decided to apply, starting from 1 January 1993, the provisions of paragraph 1 of Agreed Minute No 2 to the exchange of letters initialled on 3 November 1992. Consequently, the corresponding provisions of Articles 5 and 10 of Protocol A to the Agreement shall also be applied as of the above date.

The Directorate-General for External Relations avails itself of this opportunity to renew to the Special Representative of Hong Kong to the European Communities the assurance of its highest consideration.

Appendix 4

Agreed Minute No 3

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, initialled in Brussels on 3 November 1992, the Parties agreed that Hong Kong shall endeavour not to deprive certain regions of the Community which have traditionally had relatively small shares of Community quotas of imports of products serving as inputs for their processing industry.

The Community and Hong Kong further agreed to hold consultations, should the need arise, in order to avert any problems which might occur in this respect.

The Parties agreed that this Agreed Minute replaces the corresponding Agreed Minute of the Agreement.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Appendix 5

Agreed Minute No 4

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992, Hong Kong agreed that, from the date of request for and pending the consultations referred to in Article 11 (3), it shall cooperate by not issuing export licences that would further aggravate the problems resulting from the regional concentration of direct imports into the Community.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Exchange of notes

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Special Representative of Hong Kong to the European Communities and has the honour to refer to the Agreement on textile products between Hong Kong and the Community applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992.

The Directorate-General wishes to inform the Special Representative of Hong Kong that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the extended Agreement, the Community is prepared to allow the provisions of the Agreement to apply *de facto* from 1 January 1993. This is on the understanding that either Party may at any time terminate this *de facto* application of the extended Agreement provided that 120 days' notice is given.

The Directorate-General for External Relations would be grateful if the Special Representative would confirm his Agreement to the foregoing.

The Directorate-General for External Relations avails itself of this opportunity to renew to the Special Representative of Hong Kong to the European Communities the assurance of its highest consideration.

Letter No 2

Sir,

I have the honour to acknowledge receipt of your letter of . . . which reads as follows:

'Sir,

1. I have the honour to refer to the consultations held on 28 to 30 October 1992 between our respective delegations for the purpose of amending the Agreement on trade in textile products between the European Economic Community and Hong Kong, applied since 1 January 1987, as extended by the exchange of letters applied since 1 January 1992 (hereinafter "the Agreement").
2. As a result of these consultations, both Parties agreed to amend the following provisions of the Agreement:
 - 2.1. Annex II which sets out the quantitative restrictions for exports from Hong Kong to the European Economic Community is replaced for the period 1 January 1993 to 31 December 1994 by Appendix 1 to this letter.
 - 2.2. Article 7 (5) (c), (7) and (9) of the Agreement are deleted. Consequently, the reference to paragraphs 9 and 7 in paragraphs 5 (d) and 10 are also deleted.
 - 2.3. At the end of Article 8 (2) the following is added:

"This information shall, for all categories of products, be transmitted before the end second month following the quarter to which the statistics relate".
 - 2.4. Article 8 (3) is replaced by the following: "The information referred to in paragraph 1 shall, for all categories of products, be forwarded before the end of the month following the month to which the statistics relate."
 - 2.5. Article 11 (1) and (2) are replaced by the following:
 - "1. The quantitative limits established under this Agreement on imports into the Community of textile products of Hong Kong origin will not be broken down by the Community into regional shares.
 2. The Parties shall cooperate in order to prevent sudden and prejudicial changes in traditional trade flows resulting in regional concentration of direct imports into the Community.
 3. Hong Kong shall monitor its exports of products under restraint into the Community. Should a sudden and prejudicial change in traditional trade flows arise, the Community will be entitled to request consultations in order to find a satisfactory solution to those problems. Such consultations must be held within 15 working days of their being requested by the Community, and in accordance with Article 14 (1).
 4. Hong Kong shall endeavour to ensure that exports of textile products subject to quantitative limits into the Community are spaced out as evenly as possible over the year due account being taken in particular of seasonal factors."
 - 2.6. Article 12 is deleted.
 - 2.7. The following is added at the beginning of Article 14 (1):

"1. Save where it is otherwise provided for in this Agreement, . . ."
 - 2.8. The second sentence of Article 16 (1) is replaced by the following:

"It shall be applicable until 31 December 1994. Thereafter, the application of all the provisions of this Agreement shall be automatically extended for a period of one more year up to 31 December 1995, unless either Party notifies the other at least six months

before 31 December 1994 that it does not agree with this extension. However if the Agreement on trade in textiles and clothing products resulting from the Uruguay Round GATT trade negotiations is concluded and enters into force at an earlier date, this Agreement shall be automatically terminated as of the date agreed for the implementation of the results of the Uruguay Round GATT trade negotiations."

- 2.9. The first sentence of Article 5 (1) of Protocol A is replaced by the following:
- "1. The export licence shall conform to the model annexed to this Protocol and it shall be valid for exports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has made recourse to the provisions of Article 7 in accordance with the provisions of the Agreed Minute No 1, or to the Agreed Minute No 2, the textile products covered by the corresponding export licences can only be put into free circulation in the region(s) of the Community indicated in those licences."
- 2.10. The second indent of Article 10 (1) of Protocol A to the Agreement is replaced by the following:
- "The import authorizations shall be valid for six months from the date their issue for imports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has recourse to the provisions of Article 7 in accordance with the provisions of the Agreed Minute No 1, or to the Agreed Minute No 2, the products covered by the corresponding import licences can only be put into free circulation in the region(s) of the Community indicated in those licences."
- 2.11. The second and fifth indents of Article 12 (2) Protocol A are replaced by the following:
- "— two letters identifying the intended Member State of customs clearance as follows: . . ."
- "— a five-digit number running consecutively from 00001 to 99999 allocated to the intended Member State of customs clearance."
- 2.12. Agreed Minute No 1 set out in Appendix 2 to this letter shall form an integral part of the Agreement.
- 2.13. Agreed Minute No 2 set out in Appendix 3 to this letter shall form an integral part of the Agreement.
- 2.14. Agreed Minute No 3 set out in Appendix 4 to this letter shall form an integral part of the Agreement.
- 2.15. Agreed Minute No 4 set out in Appendix 5 to this letter shall form an integral part of the Agreement.
3. The Parties agreed that this Agreement in the form of an exchange of letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures necessary to this end have been completed.
- The Parties also agreed that this Agreement in the form of an exchange of letters and the amendments hereby to the Agreement of 1987, as extended, shall be applied provisionally from 1 January 1993.
4. I should be obliged if you kindly confirm the acceptance of your Government of the foregoing.

Please accept, Sir, the assurance of my highest consideration'.

I have the honour to confirm that my Government is in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

For the Government of Hong Kong

Appendix 1

ANNEX II

(The full product descriptions of the categories listed in this Annex are to be found in Annex I to the Agreement)

COMMUNITY QUANTITATIVE LIMITS

Category	Unit	1993	1994	1995
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18	tonnes	7 278	7 459	7 646
21	1 000 pieces ⁽²⁾	17 099	17 355	17 615
24	1 000 pieces	8 378	8 588	8 803
26	1 000 pieces	10 037	10 138	10 239
27	1 000 pieces	9 953	10 152	10 355
29	1 000 sets	2 621	2 686	2 754
31	1 000 pieces	19 888	20 485	21 099
68	tonnes ⁽¹⁾	2 572	2 662	2 755
68S	tonnes ⁽²⁾	586	606	628
73	1 000 sets (*)	2 013	2 054	2 095
77	tonnes	642	658	674
78	tonnes	9 051	9 277	9 509
83	tonnes	369	378	388
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72 ⁽⁴⁾	1 000 pieces	16 877	17 552	18 254
74	1 000 sets	1 093	1 137	1 182

Note: The numbers or the asterisk in brackets are references to the footnotes in Annex II to the Agreement for the appropriate category respectively.

⁽¹⁾ Applies only to knitted swimwear.

*Appendix 2***Agreed Minute No 1**

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, initialled in Brussels on 3 November 1992, the Parties agreed that Article 7 of the Agreement does not preclude the Community, if the conditions are fulfilled, from applying the safeguard measures referred to in Article 7 for one or more of its regions in conformity with the principles of the internal market.

In such an event, Hong Kong shall be informed in advance of the relevant provisions of Protocol A to the Agreement to be applied, as appropriate.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

*Appendix 3***Agreed Minute No 2**

Notwithstanding Article 11 (1) of the Agreement, for imperative technical or administrative reasons or to find a solution to economic problems resulting from regional concentration of imports, or in order to combat circumvention and fraud of the provisions of the Agreement, the Community will establish for a limited period of time a specific management system in conformity with the principles of the internal market.

However, if the Parties are unable to reach a satisfactory solution during the consultations provided for in Article 11 (3) Hong Kong undertakes, if so requested by the Community, to respect temporary export limits for one or more regions of the Community. In such a case, these limits shall not preclude the importation into the region(s) concerned of products which were shipped from Hong Kong on the basis of export licences obtained before the date of formal notification to Hong Kong by the Community about the introduction of the above limits.

The Community shall inform Hong Kong of the technical and administrative measures, such as defined in the attached *note verbale*, that need to be introduced by both Parties in order to implement the above paragraphs in conformity with the principles of the internal market.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Note verbale

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Special Representative of Hong Kong to the European Communities and has the honour to refer to the Agreement on textile products between Hong Kong and the Community applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992.

The Directorate-General wishes to inform the Special Representative of Hong Kong that the Community has decided to apply, starting from 1 January 1993, the provisions of paragraph 1 of Agreed Minute No 2 to the exchange of letters initialled on 3 November 1992. Consequently, the corresponding provisions of Articles 5 and 10 of Protocol A to the Agreement shall also be applied as of the above date.

The Directorate-General for External Relations avails itself of this opportunity to renew to the Special Representative of Hong Kong to the European Communities the assurance of its highest consideration.

Appendix 4

Agreed Minute No 3

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, initialled in Brussels on 3 November 1992, the Parties agreed that Hong Kong shall endeavour not to deprive certain regions of the Community which have traditionally had relatively small shares of Community quotas of imports of products serving as inputs for their processing industry.

The Community and Hong Kong further agreed to hold consultations, should the need arise, in order to avert any problems which might occur in this respect.

The Parties agreed that this Agreed Minute replaces the corresponding Agreed Minute of the Agreement.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Appendix 5

Agreed Minute No 4

In the context of the Agreement between the European Economic Community and Hong Kong on trade in textile and clothing products, applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992, Hong Kong agreed that, from the date of request for and pending the consultations referred to in Article 11 (3), it shall cooperate by not issuing export licences that would further aggravate the problems resulting from the regional concentration of direct imports into the Community.

*For the Delegation
of Hong Kong*

*For the Delegation of the
European Economic Community*

Exchange of notes

The Special Representative of Hong Kong to the European Communities presents his compliments to the Directorate-General for External Relations of the Commission of the European Communities and has the honour to refer to the Directorate-General's note of 3 November 1992 regarding the Agreement on textile products between Hong Kong and the Community applied since 1 January 1987, as extended by the exchange of letters initialled on 16 July 1991 and further extended by the exchange of letters initialled on 3 November 1992.

The Special Representative of Hong Kong wishes to confirm to the Directorate-General that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the extended Agreement, the Government of Hong Kong is prepared to allow the provisions of the extended Agreement to apply *de facto* from 1 January 1993. This is on the understanding that either Party may at any time terminate this *de facto* application of the extended Agreement provided that 120 days' notice is given.

The Special Representative of Hong Kong to the European Communities avails himself of this opportunity to renew to the Directorate-General for External Relations the assurance of his highest consideration.